

**Before the  
Federal Communications Commission  
Washington, DC**

In the Matter of	)	
	)	
Request for Review of the Decision of the	)	
Universal Service Administrator by	)	
	)	
Centralia School District	)	File No. SLD-616414
Centralia, Washington	)	and SLD-616328
	)	
Schools and Libraries Universal Service	)	CC Docket No. 02-6
Support Mechanism	)	

**REQUEST FOR REVIEW OR WAIVER**

Centralia School District ("District"), by its representative, hereby requests that the Commission review and reverse the Decisions on Appeal of the Universal Service Administrator ("USAC") referenced above dated September 1, 2009. (Exhibit A). In those decisions, USAC refused to pay FCC Form 474 invoices for Internal Connections covered by FRN 1697496 and FRN 1697310 because, USAC claimed, the service provider delivered them outside of the funding year. According to USAC, the service delivery deadline for this Internal Connections project was June 30, 2009. Because it is well established that the service delivery period for Internal Connections ends on the September 30<sup>th</sup> after the end of the funding year, and it is undisputed that the service provider delivered the Internal Connections in issue before September 30, 2009, the District requests that the Commission remand this matter to USAC with instructions to process and pay the service provider's invoices or to reimburse the District for the same amount, whichever method is appropriate at that time. Alternatively, the District requests that the Commission reach the same result by waiving its rules, as the facts and the public interest clearly warrant it.

**I. SUMMARY OF THE REQUEST FOR REVIEW OR WAIVER**

In its online FCC Form 471 for the 2008 Funding Year, the District applied for E-rate discounts on cabling and network electronics. It applied for them in the correct category, Internal

Connections, but by mistake characterized payment for the cabling and network electronics as "recurring." Exercising professionalism and a good deal of common sense, the USAC's application review team ignored the clerical errors on the application, as the mistakes were of no real consequence, legal or otherwise, so far as Internal Connections funding was concerned. Accordingly, after completing its review, USAC notified the District that it had approved its funding requests, and that it had until September 30, 2009 (the service delivery deadline for Internal Connections) to complete the project. Unfortunately, after the service provider completed the Internal Connections work, USAC's invoice review staff pulled the rug out from under the parties by changing the service delivery deadline to June 30, 2009, the deadline for receipt of "recurring" services.

The service provider started work after June 30<sup>th</sup> but completed it well before the original September 30, 2009 deadline, the only deadline of which the parties had ever received formal notification. The service provider was entitled, therefore, to be paid, but the USAC invoice review team refused to do so, claiming that the service provider had missed the July 30<sup>th</sup> deadline for delivering "recurring" services. For reasons that no one at USAC has yet to explain adequately, the invoice review team focused its attention laser-like on one single fact, -- i.e., that the District had described payment for the cabling and network electronics in its online application as "recurring." That the services were not actually recurring (by definition Internal Connections cannot be recurring) or that the service provider had not billed for the services on any kind of installment basis or that there was no lease involved (not that that should have mattered as the extended deadline is or certainly should be a function of the type of service and not on how one decides to pay for it) made no difference to USAC's invoice review team. The service delivery deadline for "recurring services," USAC observed flatly, was June 30<sup>th</sup>, and that was that; therefore, they were delivered too late to receive funding.

The District appealed, explaining everything that had happened and why. (Exhibit B). Unfortunately, its appeal fell on deaf ears. Refusing to respond to any of the District's legitimate contentions and concerns, USAC simply parroted the review team's original decision not to pay.

## II. FACTS

- "Amortized Payment" Option by Mistake → Application Review → USAC Error Correction → FCDL → Formal September 30, 2009 Service Delivery Deadline

The District applied online for discounts on the purchase and installation of cabling and networking equipment in the Internal Connections category, clicking by mistake on the recurring services payment option, which forced the District to amortize its one-time payment obligation into twelve, fictional monthly amounts. The District should have selected the one-time payment option for Internal Connections.<sup>1</sup> That mistake is the only reason why the District is here. *See* District's Letters of Appeal to the Administrator. (Exhibit B).

During the Form 471 application review process, USAC's PIA staff carefully reviewed the Item 21 description of services documentation that the District provided to support its Internal Connections funding requests. (Exhibit C). From that documentation, it was unmistakably clear that the parties had not agreed to anything unusual in terms of payment options, but rather, that the District would be billed, as is customary for Internal Connections, on a one-time basis. Indeed it would have been nearly impossible, unimaginable actually, for the PIA staff to have missed this discrepancy between the monthly entries on the Form 471 and the one-time payment information in the supporting documentation, as examining that kind of information is a fundamental part of their job.

Since USAC went on to process the application as if the District had completed the online form properly in the first place, the PIA staff had to have been aware of the District's mistake. In this regard, please see Exhibit D, USAC Funding Commitment Decision Letter ("FCDL") dated 1/5/09, pp. 4 and 8 ("Last Allowable date for Delivery and Installation for Non-Recurring Services: 09/30/2009") (emphasis added). Notice that the FCDL includes a funding line item for "Eligible Recurring Charges" in combination with a "Last Allowable date for Delivery and Installation for Non-

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<sup>1</sup> *See* FCC Form 471 instructions: "If you expect to pay a non-recurring charge in multiple installments over the funding year, you should either amortize this charge in Items 23A-23E or include the full amount of this charge in Items 23F-23H. DO NOT include this amount under both recurring and non-recurring charges. If you amortize this charge in items 23A-23E, you will not be eligible for discounts on the non-recurring services provided after June 30 of the funding year." (Emphasis added)

Recurring Services.” The only reasonable and logical explanation for why USAC opted to complete the FCDL in that fashion (lifting the specific funding request from the Form 471, but exercising administrative discretion by providing a 9/30 Internal Connections last allowable delivery date) is that that was how PIA staff had decided to “work-around” the District’s inadvertent error and USAC’s software systems to reach a common sense result.

- Internal Connections Work Completed in August → Form 474 Invoices Submitted → USAC Invoice Rejections → Appeal to USAC → USAC Appeal Rejection

A combination of factors, including school buildings still recovering from winter flooding, backordered equipment, and concern for the safety of school children led the District and the service provider to conclude that it would be best not to begin cabling and installing network electronics until after June 30<sup>th</sup>. Neither party was worried, however, about this post-June 30<sup>th</sup> timetable jeopardizing E-rate funding for the project because: (1) they knew that, under program rules, the service delivery deadline for Internal Connections is always the last day of September, three months after the end of the funding year, and (2) the FCDL confirmed, in writing, that they had until September 30, 2009 to complete the project.

As planned, the service provider started work after June 30<sup>th</sup> and, in August, as the work progressed, began submitting invoices both to the District and to USAC. However, USAC refused to pay any of the service provider’s invoices because, USAC explained, the District’s application was for funding on a monthly recurring basis, and USAC does not pay for recurring services delivered after June 30<sup>th</sup>, even if the eligible services are Internal Connections that would otherwise be eligible for support after that date and, apparently, regardless of the circumstances.

USAC failed to offer any official support for this rule, which was strange, as it is squarely at odds with the Commission’s longstanding policy of giving schools and libraries at least three additional months after the end of a funding year and sometimes more to complete their Internal Connections projects. It is difficult to believe, and of course we do not believe, that the Commission would have instructed USAC, in private, to shorten by a minimum of three months the service delivery deadline for Internal Connections based on how an applicant indicates it intends to pay for

them (i.e., amortized installments or one-time) as opposed to what that something actually is (i.e., Internal Connections, Internet Access, Telecommunications or Maintenance).

By establishing two different delivery deadlines for identical services, USAC has created in effect a second class of Internal Connections that receives, unfortunately, second-class treatment. The classes are distinguished by how many payments, one or more than one, applicants indicate in Block 5 of their E-rate applications it will likely take to pay for them. There is no logic to this. The basic character of equipment eligible for E-rate support is never going to change based on how many payments it takes to pay for it. Under this two-tiered approach to Internal Connections funding, if a school district cannot begin installing cabling and network electronics in a school building before June 30th because, for example it will be too disruptive or too dangerous, USAC gives the school district two equally bad choices: do so anyway or lose all of the E-rate funding for the project. We cannot imagine that this is a policy that the Commission wishes to embrace. Indeed, as discussed in more detail in Section IV, D below, we urge the Commission to do away with it completely.

The District appealed the adverse invoice action to USAC. (Exhibit B). Among other salient facts, the District pointed out the following: (1) cabling and network electronics are Internal Connections; (2) the "recurring services" designation in its Form 471 application was an honest mistake, the result of confusing instructions; and (3) USAC's application review team understood clearly from the documentation that there was nothing at all "recurring" about the District's requests and set the respective service delivery dates accordingly.

USAC remained unmoved. Refusing to respond to any of the District's legitimate contentions and concerns, USAC summarily rejected the District's appeal on the grounds that the District listed the service start date for the project as July 1, 2009, which was outside the period for which discounts were available. (Exhibit A).

### III. SUPPLEMENTAL FACTS

Over the years since the E-rate program began, the scant explanations that USAC tends to provide to support its adverse actions has been a recurring problem. This of course places E-rate stakeholders – schools, libraries and service providers – at a distinct disadvantage when they attempt to appeal USAC's decisions, either to USAC itself or to the Commission. To help ameliorate the adverse impact of this due process deficiency, stakeholders are forced to attempt to glean additional information, anything that may be helpful, from USAC staff. This case represents a perfect example of that.

The District could not believe that USAC would reject its application so summarily, simply on the grounds stated, and especially since USAC itself had fixed the service delivery deadline as September 30, 2009. Because of the magnitude of the stakes involved and the paucity of information that it had to work with, the District decided to retain a third-party to see what, if anything, it could learn about the matter that might be relevant. After some informal discussions, this is what was learned: (1) when an applicant applies for discounts on Internal Connections as a recurring service, USAC must set the service delivery deadline as June 30<sup>th</sup> (why it must do so remains a mystery); (2) an applicant that applies for discounts on Internal Connections as a recurring service by mistake may correct it, but only if the applicant brings the mistake to USAC's attention before USAC issues the FCDL for that FRN; and (3) if the applicant fails to discover the mistake until after the FCDL issues, there is nothing that USAC can do, regardless of the circumstances, so the applicant must either accept the consequences or file an appeal with the Commission.

USAC corroborated the accuracy of the foregoing in its recently released training materials for the 2010 Funding Year. See Exhibit E, USAC PowerPoint Presentation: *Precommitment Corrections – Helping You Succeed: (Requests that Need Support)* at p.12. There USAC explained that applicants could make a wide variety of changes to its FCC Form 471, Block 5 funding requests, including "changes from recurring to non-recurring," but only if the change was "supported" and requested before USAC issued a funding commitment for that request.

In the same training materials, USAC explained how it works with applicants to root out and correct application errors, which is especially relevant here, as USAC failed to follow its own procedures. According to USAC, “PIA will work with applicants to make clerical error corrections until the FCDL is issued,” and “PIA may contact you and allow corrections if they find certain discrepancies.” (Exhibit E, *USAC Presentation* at pp. 9 – 10). To illustrate the kind of discrepancy that would trigger such a PIA contact, USAC used this example: “Item 21 doesn’t match Block 5.” (Exhibit E, *USAC Presentation* at p. 10).

Here, the District’s Item 21 clearly did not match its Block 5, as the former explicitly listed “one time” charges for cabling and network electronics (see “One Time” payment column headings in Exhibit C), while its Block 5 listed monthly charges for exactly the same services. That was clearly a discrepancy and all of the credible evidence suggests, as discussed previously, that USAC’s review staff found it, as well they should have. However, rather than bringing it to the District’s attention, they decided on a different, yet altogether common sense approach, which was to work around it internally. Even though that was a perfectly good solution to a relatively insignificant problem, when it came time to pay, USAC management decided for some reason that it made more sense to force a school district into financial distress by not paying an otherwise legitimate invoice than to make an exception to its mistake correction procedure for a minor, immaterial infraction for which, not insignificantly, its own staff had been partially responsible.

#### **IV. DISCUSSION**

**A. Because USAC corrected the obvious clerical errors in the District’s application before it issued funding commitments, USAC should have paid the service provider’s invoices.**

In its decision on appeal, USAC stated that it could not pay the service provider’s invoices for Internal Connections because they were delivered after June 30, 2009, which was outside of the funding year for Internal Connections, when the funding request indicated that payment for them would occur on a recurring, rather than a one-time, basis. Underlying USAC’s decision was the incorrect assumption that the District did not intend to pay for the cabling and equipment on a one-time basis. That was not the case, as the District’s Item 21 documentation proved.

The evidence shows that USAC's review staff had discovered very early on in the process, before the FCDL issued, that the Internal Connections characterized in the District's Block 5 funding requests as "recurring" only appeared that way because of an inadvertent error. It would have been perfectly obvious, especially to someone trained specifically to review E-rate applications, that there was a discrepancy between the "monthly" entry in the Block 5 and the "One Time" payment information in the Item 21 Description of Services.<sup>2</sup> Thus the USAC review team set the service delivery date in USAC's system to September 30, 2009, the service delivery deadline for "non-recurring" Internal Connections, which should have effectively corrected the District's clerical error in USAC's systems. That was a readily available, elegantly simple solution to a minor clerical problem, so there was no reason for USAC's review team not to take advantage of it. That should have ended the matter right there and then. Unfortunately it did not.

The error around which this entire matter revolves is simply whether an applicant intended to pay for Internal Connections on either an amortized (recurring) or non-recurring basis. This is a classic example of the type of inconsequential, clerical and/or ministerial type of mistake that the Commission has said repeatedly applicants should be permitted to correct in order to "improve the administration of the fund."<sup>3</sup> To effectuate this policy, USAC's own training materials state plainly

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<sup>2</sup> To place these facts in their proper context, it should be noted that, because of the Commission's 2 in 5 rule and other program-related factors, it is extremely impractical and economically foolish for high-discount applicants like the District to pay for Internal Connections on anything but a one-time basis. While there may be some, we are unaware of any high-discount applicants (the only ones that actually receive Priority Two funding as a practical matter) that ever actually make monthly "recurring" payments for the Internal Connections on which they have applied or are receiving discounts.

<sup>3</sup> See *Request for Review of the Decision of the Universal Service Administrator by Bishop Perry Middle School, et al., Schools and Libraries Universal Service Support Mechanism*, File Nos. SLD-487170, *et al.*, CC Docket No. 02-6, Order, 21 FCC Rcd 5316 (2006) (*Bishop Perry Order*) (granting waivers of the FCC Form 471 filing window deadline); *Request for Review of the Decision of the Universal Service Administrator by Academy for Academic Excellence, et al., Schools and Libraries Universal Service Support Mechanism*, File Nos. SLD-539076, 539722, *et al.*, CC Docket No. 02-6, Order, 22 FCC Rcd 4747 (2007) (*Academy for Academic Excellence Order*) (granting similar waivers to those granted in the Commission's *Bishop Perry Order*).



that “making changes from recurring to non-recurring” are permissible, if the change is made before a funding commitment is issued. Thus, by changing the service delivery deadline to the non-recurring one, USAC’s review team should be applauded for doing what it was supposed to do, helping to improve the administration of the fund by taking care of minor, essentially meaningless errors.

The timing of the change should not be an issue either, as the record shows that USAC’s review staff made the necessary change in USAC’s system before USAC issued the District’s FCDLs. The FCDLs themselves prove this conclusively, as the September 30<sup>th</sup> service delivery deadline for non-recurring Internal Connections is printed clearly on each one. An interesting sidebar to all of this is that if USAC had not caught the error, and if USAC had not made the change before the FCDL had issued, then a service delivery deadline of June 30, 2009 would have appeared on the FCDLs instead of September 30, 2009. That at least would have given the District some notice that it only had until June 30<sup>th</sup> to complete the work, giving it at least a chance to try to get some of it completed before that early deadline.

It is evident, therefore, that (1) the “recurring-non-recurring” error was addressed and corrected before USAC issued FCDLs; and (2) the service provider completed its Internal Connections work before the September 30<sup>th</sup> deadline on the FCDLs. Since USAC does not contend that there is any other reason why the service provider’s invoices should not be paid, there is no factual or legal basis for USAC’s decision not to pay them.

- B. If USAC had followed its own procedures, the District would have had the opportunity to make a timely request to make the necessary changes in its Block 5 funding requests and USAC would have paid the service provider’s invoices.**

In its training materials, USAC claims that it “will work with applicants to make clerical error corrections until the FCDL is issued.”<sup>4</sup> Furthermore, it states specifically that it allows applicants to

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<sup>4</sup> See Exhibit E. See also USAC News Brief dated 12/12/2008 at <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=202> (“your Program Integrity Assurance (PIA) reviewer will inform you of errors or inconsistencies identified by the

“make changes from recurring to non-recurring” in its Block 5 funding requests if the change is supported. In this case, USAC failed to follow its own procedures. Despite the very obvious discrepancy between the Block 5 funding requests and the service descriptions in Item 21, USAC never contacted the District to inquire about it, let alone work with the District to fix it. If USAC had been following its own procedures, it would have contacted the District as soon as it saw the one-time charges listed prominently in the Item 21 documentation. Then, the District would have confirmed that the Block 5 payment information should be changed, and, based on the Item 21 “support” for it, USAC would have made that change. As a result, the service provider’s invoices would have been paid, and this appeal would not have been necessary.

We find ourselves at a procedural disadvantage, because we have no idea what USAC’s position is on any of the relevant issues here, as its explanations for not paying the service provider’s invoices have always been simply that the services were provided too late. While we would prefer of course not to have to make arguments on USAC’s behalf, we believe that USAC likely would contend that it was the District’s responsibility to contact USAC about the mistake before it received its FCDLs. That argument, however, would not hold up, and this is why. The only reason the District selected the “recurring payments” option in Block 5 in the first place was because the person who completed the form believed, after reading the complicated instructions, that he was supposed to complete that part of the form that way.<sup>5</sup> Since no one on USAC’s PIA review staff ever even hinted to the District that it may have made this particular mistake or that anything else was potentially amiss with its applications (even though PIA contacted the District to

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online system when your application is being reviewed and allow you an opportunity to correct them.).

<sup>5</sup>*See Request for Review of the Decision of the Universal Service Administrator by Alaska Gateway School District, Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6 (2006), 22 FCC Rcd 10182, at para. 2 and 10187 at para. 8 (noting that “...applicants seeking funding from the E-rate program contend that the application process is complicated and time-consuming. As a result, a significant number of applications for E-rate support are denied because of applicant ministerial or clerical errors.” And noting further that giving applicants an opportunity to file or amend applications will improve the efficacy of the schools and libraries program and reduce the money USAC spends on administering the fund because fewer appeals would be filed protesting the denial of funding based on clerical/ministerial issues.).

discuss other application-related matters), there was no reason for the District even to suspect that it had made this mistake. So if USAC's position is that the District should lose funding because it failed to take the initiative to correct an inadvertent error, then the determinative question must be this: why would the District or any applicant for that matter contact PIA about changing entries on an application form, when it honestly believed that it had completed the entries correctly in the first place, and where it had absolutely no reason to suspect otherwise? That is not a difficult question, and the answer to it is this: in those circumstances, no applicant would ever contact PIA for that reason.

In the final analysis, however, this is all academic because USAC took the matter completely out of the District's hands by fixing the mistake itself. As discussed previously, USAC managed to "work-around" the data entry error by changing the services delivery deadline date from June 30, 2009, which would have printed on the FCDL if the mistake had not been corrected, to the correct, non-recurring services deadline, September 30<sup>th</sup>. Thus the FCDLs made it official and unequivocal that the change had been made. That is, per the FCDL, the service provider had until September 30<sup>th</sup>, the non-recurring services deadline, to complete its work: "*Last Allowable date for Delivery and Installation for Non-Recurring Services: 09/30/2009*". (Exhibit D).

The bottom line, therefore, is this. Yes, the District made a mistake, but it was clerical in nature and, USAC agrees, a mistake that *Bishop Perry* clearly covers. The only possible complaint that USAC can make is that the District failed to contact it about this error soon enough, but that would be disingenuous because, as we have already discussed, the District had no reason to discover it, USAC found and fixed (or attempted to fix) the error itself, and, finally, the District could have and would have asked USAC to correct it, if USAC had followed its own procedures.

- C. Because USAC has no authority to decide whether or not to apply *Bishop Perry* in cases where *Bishop Perry* applies, the Commission should instruct USAC to stop refusing to apply it when mistakes are discovered after a FCDL issues.

USAC's administrative policy is not to permit applicants to correct any mistake in an application after an FCDL for that application has issued. By refusing wholesale not to allow applicants to make corrections in those circumstances, even though the corrections would

otherwise be permissible under *Bishop Perry*, USAC, by administrative fiat, has effectively narrowed the Commission's holding in that case, which, of course, it has no authority to do. USAC may not decide unilaterally to deny funding based on when a mistake has occurred, as opposed to whether the mistake is one that *Bishop Perry* covers. That is substantive rule making, and USAC has no authority to engage in that kind of activity.

Subject to the Commission's review and approval, USAC's ministerial authority is limited to establishing administrative procedures necessary to operate the program. Furthermore, USAC must "submit to the Commission [. . .] a list summarizing all current USAC administrative procedures... " for the Commission's approval.<sup>6</sup> To the best of our knowledge, USAC has never included this particular "procedure" on any such list. If we are incorrect, however, and the Commission has expressly authorized USAC to enforce the *Bishop Perry Order* in this fashion, then we submit that this rule should be changed, as the FCDL cut-off date is unfair and purely arbitrary. For one thing, the amount of time it takes for applicants to receive their FCDLs varies widely. Consequently, under USAC's application of *Bishop Perry*, some applicants may receive as little time as a month or less to find and correct their mistakes, whereas other applicants may receive a year or more to discover theirs.

We are aware of several other cases similar to this one, at least one of which will soon be on appeal to the Commission. It is likely that there are and will be many more. For purposes of administrative convenience, USAC has decided to apply its own brand of *Bishop Perry*, the result of which is that applicants who would otherwise be entitled to *Bishop Perry* relief are being stripped improperly of badly needed funding. No doubt, USAC is doing this because it believes that the rules permit it and that administrative necessity requires it, but whatever USAC's views may be about the rules and administrative necessity and no matter how compelling those views may be, we submit that USAC has no authority to engage in this kind of activity without the Commission's express, written and public approval.

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<sup>6</sup> See Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Fifth Report and Order, 19 FCC Rcd 15808, 15835, para. 80.

**D. Waiver of the Commission's rules is warranted in these circumstances.**

If the Commission agrees with USAC that the District is not entitled to funding for its Internal Connections projects because there is a program rule that prohibits the District from correcting the clerical mistakes that it made in Block 5 of its funding requests, then the District respectfully requests that the rule be waived. The Commission may waive a rule where the particular facts make strict compliance inconsistent with the public interest. *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*). In deciding whether to waive a rule, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis. *WAIT Radio v. FCC*, 418 F.2d 1153, 1157, (D.C. Cir. 1969), *affirmed by WAIT Radio v. FCC*, 459 F.2d 1203 (D.C. Cir. 1972). In these circumstances, waiver is warranted, necessary, and especially appropriate.

Here, at the eleventh hour, after the service provider had completed all of its work and submitted its invoices before the September 30<sup>th</sup> deadline for the delivery of Funding Year 2008 Internal Connections, the date that appeared on the Districts FCDLs, USAC decided not to pay the service provider's invoices because, USAC said, it had delivered the services too late. Neither the District nor the service provider, however, had any reason to believe that they had been working under a deadline that was different from the one that was printed on the FCDLs for this project.

The foregoing is a good reason for waiving the rule, but important policy considerations make an even stronger case for abolishing it completely. For purposes of this discussion, we will call this rule the *Internal Connections – Choice of Payment Rule*. Under it, if an applicant chooses to complete its applications for discounts on a recurring, rather than a non-recurring, payment basis, that applicant automatically and for no apparent reason loses the benefit of at least three extra months of time to complete its Internal Connections project.<sup>7</sup>

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<sup>7</sup> See FCC Form 471 instructions: "If you amortize this charge [for "non-recurring" Internal Connection services] in items 23A-23E, you will not be eligible for discounts on the non-recurring services provided after June 30 of the funding year."

The *Internal Connections – Choice of Payment Rule* has serious and substantial “real world” implications. Take the case, for example, of two school districts that contract with the same service provider for the purchase and installation of exactly the same type and quantity of routers. One decides to make a single, lump sum payment for the project while the other decides to make installment payments. The former clicks on the one-time payment option in Block 5, while the latter selects the amortization option.

By selecting the one-time payment option, the “lump sum” district automatically receives a bonus of time after the end of the funding year to get all of its routers delivered and installed. In contrast, by selecting the amortized/recurring payment option, the “installment plan” district immediately faces two potentially deal-breaking obstacles. First, the district has to receive its FCDL before the end of the funding year which, history shows, is by no means a given. If the FCDL does not arrive by then, and if the school district cannot afford to make the router purchase without E-rate support, then it will have no choice but to scrap the entire project. That is because recurring services must be delivered by June 30<sup>th</sup> -- no exceptions, as USAC has made perfectly clear in this case. Second, even if the school district is lucky enough to receive its FCDL before the end of the funding year, it still has to hope that it arrives early enough in the year to be useful thanks to the June 30<sup>th</sup> drop-dead deadline. An extension request is out of the question because USAC will not grant extensions of time to deliver “recurring” Internal Connections. The reason for such a request (e.g., school in session, equipment out of stock, natural disasters and so on) makes no difference whatsoever, because USAC has decided to treat this class of Internal Connections like basic telephone service, even though, obviously, there is absolutely no “real world” comparison between the two.

The result described above is manifestly inequitable and unfair. How a school or library decides to pay for an Internal Connections project should never give that school or library a substantially better or worse chance of actually getting to use its E-rate funding for its project than a school or library that decides to take advantage of a different payment option. That, however, is exactly what the *Internal Connections – Choice of Payment Rule* does and, for that reason, it is arbitrary and capricious. Therefore, we urge the Commission to eliminate it. If the Commission disagrees, then, in this case, waiver is without doubt appropriate.

Waiver is also warranted here because the failure to receive the large amount of money committed to the District for this Internal Connections project will cause the District an inordinate amount of economic hardship. The State of Washington is experiencing a record budget shortfall this year and, because of that, many school districts throughout the state, including the District, which serves an economically disadvantaged population, are not receiving the monies they anticipated from the state. Loss of funding from the Universal Service Fund combined with decreased state funding will adversely affect the District's technology resources, and the District will be forced to make very difficult decisions as to which programs it can no longer afford to fund.

Financially penalizing schools and libraries for procedural gaffes is counterproductive and antithetical to the ultimate goals of the E-rate program. The *Bishop Perry Order* specifies that the denial of funding requests inflicts undue hardship on an applicant whose clerical/ministerial error was procedural rather than substantive and where there is no evidence of waste fraud or abuse.<sup>8</sup> Furthermore, the Order clearly asserts that rigid adherence to application procedures does not further the purpose of the E-rate program, nor serve the public interest.<sup>9</sup> The clerical errors committed by the District on its Form 471 were inadvertent, not unreasonable and, most certainly, do not constitute waste, fraud or abuse. Moreover, the clerical error does not result in the District receiving more funding than it requested. To deny funding to the District in these circumstances would result in exactly the kind of financial and educational hardship that the *Bishop Perry Order* was designed to prevent. For these and all of the other reasons previously discussed, a waiver of the rules is warranted. .

## V. CONCLUSION

The District respectfully requests that the Commission grant its Request for Review or, alternatively, waive its rules and remand this matter to USAC with instructions to (a) pay the Form 474 Service Provider Invoices filed in connection with FRN 1697496 and FRN 1697310 or, if the District out of necessity has already paid to the service provider the discounted amounts invoiced


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<sup>8</sup> See *Bishop Perry Order* at 5321, para. 11.

<sup>9</sup> *Ibid.*

to USAC, reimburse the District for those amounts; and (b) if necessary, allow the District to change the entries made on its Forms 471 for monthly recurring services in the Internal Connections category to one-time charges in the same category.

Respectfully submitted on behalf of Centralia School District,

A handwritten signature in black ink, appearing to read "Orin Heend", is written over a horizontal line.

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October 14, 2009

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400 West Summa Street  
Centralia, WA 95831



# Exhibit A



## Schools & Libraries Division

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### Administrator's Decision on Invoice Appeal

September 1, 2009

Mitch Thompson  
Centralia School District  
400 West Summa Street  
Centralia, WA 95831

Re: Washington Elementary School

Re: SLD Invoice Numbers: 1108375  
SLD Invoice Lines: 3931222  
Vendor Invoice #s: 47319  
471 Application Number: 616414  
Funding Request Number(s): 1697496  
Correspondence Dated: August 10, 2009

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal. This letter explains the basis of USAC's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission (FCC). If your letter of appeal included more than one SLD Invoice Number, please note that for each invoice for which an appeal is submitted, a separate letter is sent.

Funding Request Number(s): 1697496  
Decision on Appeal: **Denied**  
Explanation:

For FRN 1697496, the service start date was listed as July 1, 2008 on your Form 486. The period for which discounts currently apply is July 1, 2008 to June 30, 2009.

Information provided indicated that services were delivered outside of this period. You did not demonstrate otherwise in your appeal. Consequently, USAC denies your appeal because these services were not delivered within the service delivery period under program rules.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC

Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the USAC/School and Libraries web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

Thank you for your continued support of and participation in the E-rate program.

Schools and Libraries Division  
Universal Service Administrative Company

cc:

Jenny George  
Ednetics, Inc.  
721 South Lochsa Street  
Suite 15  
Post Falls, ID 83854



## Schools & Libraries Division

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### Administrator's Decision on Invoice Appeal

September 1, 2009

Mitch Thompson  
Centralia School District  
400 West Summa Street  
Centralia, WA 95831

Re: Jefferson-Lincoln Elem. School

Re: SLD Invoice Number: 1108375  
SLD Invoice Line: 3931221  
Vendor Invoice #: 47319  
471 Application Number: 616328  
Funding Request Number(s): 1697310  
Correspondence Dated: August 10, 2009

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal. This letter explains the basis of USAC's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission (FCC). If your letter of appeal included more than one SLD Invoice Number, please note that for each invoice for which an appeal is submitted, a separate letter is sent.

Funding Request Number(s): 1697310  
Decision on Appeal: **Denied**  
Explanation:

For FRN 1697310, the service start date was listed as July 1, 2008 on your Form 486. The period for which discounts currently apply is July 1, 2008 to June 30, 2009.

Information provided indicated that services were delivered outside of this period. You did not demonstrate otherwise in your appeal. Consequently, USAC denies your appeal because these services were not delivered within the service delivery period under program rules.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the USAC/School and Libraries web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

Thank you for your continued support of and participation in the E-rate program.

Schools and Libraries Division  
Universal Service Administrative Company

cc:

Jenny George  
Ednetics, Inc.  
721 South Lochsa Street  
Suite 15  
Post Falls, ID 83854

# Exhibit B

Universal Service Administration Company  
Letter of Appeal  
SLD Correspondence Unit  
100 South Jefferson Road,  
PO Box 902  
Whippany, NJ 07981

Letter of Appeal.

This letter is to APPEAL invoice payment denial for Billed Entity 116109 Form 474 INVOICE ID 110496 for Washington Elementary school at CENTRALIA SCHOOL DISTRICT for funding year 2008 due to a clerical error on form 471 # 616414 for Internal Connections.

Contact Person – Mitch Thompson, Centralia School District, Centralia Washington 360-330-7600 - BEN 116109, Service Providers SPIN 143008534 Ednetics Inc.

Form 471 Applicant Number 616414

FRN#1697496

Funding Commitment Decision Letter for Funding Year 2008

Text of decision being appealed – Case Number 21-929223. Deadlines for Internal Connection – Service Delivery Date. Appealing Internal Connection cut off date as June 30, 2009 instead of normal September 30, 2009. According to SLD “form 471 for Washington 616414 stated the internal connections as “monthly” instead of “one-time”. Therefore all work and invoicing had to be completed by 6/30/09 and not 9/30/09 as is standard for internal connections” and as such work and billings after 6/30/2009 are denied.

Centralia School District received a funding decision on January 5, 2009 and started to complete the contract with Ednetics Inc. which was finalized on March 3, 2009. The district did not notice nor did the service provider that the consultant had miss marked “Monthly” instead of “One- Time” on form 471 #616414, although the attachment #21 that was included with the form 471 listed the breakdown as “One-Time” and PIA to the districts knowledge only had a question on one minor component item. When the consultant filed the 486# 520516 the district and service provider received copies of USAC acceptance showing start date. The original commitment letter at the bottom showed for FCDL date 01/05/2009, Wave Number 033, Last Allowable Date for Delivery and Installation for Non-Recurring Services (One-Time) 09/30/2009 which is the date the district and service provider based their plans upon as is usual for internal connections. The district and service provider missed noting the above was a monthly amount as we always have to break down amounts into monthly for all other applications. The district and vendor knew they had a very short amount of time from March 3009 to September 2009 to order components, schedule access to the school after the school year ended in June as with the danger that students could be put at risk with wiring, construction and dust, and complete the project ready for use in the fall. The buildings were also still recovering from flooding that occurred during the winter in the district buildings when the funding commitment was received making earlier starting of the project impossible and also contributed to not noticing the monthly payment schedule. Another major problem that delayed even billing until July was that a majority of the materials were back ordered and did not arrive until July 1, 2009 so even if we had known of the June 30 deadline we would not have been able to complete any more work than we have been able to accomplish.

Had the district noted that the billing was monthly and that there were less than 120 days to complete the project and have everything invoiced within that time the district would not have started this project and obviously would have had to appeal the monthly time deadline which would have possibly taken longer than the September 30, 2009 deadline and then also would have had to appeal for an extension to the project into the next funding year as it is impossible to do during school class time. The project is over half way completed at this time and difficult to stop in mid stream due to a clerical error.

The district understands that the funds were committed by SLD for this project and the district will complete the project using local funds that will have to be taken from needed student areas to comply with the contract with the vendor. During these difficult economic times that are facing schools we ask that SLD understand that clerical mistakes do happen and the district and service provider operated in good faith in proceeding with this project even though both knew that a March to Sept deadline for an extensive project is very difficult to accomplish let alone having three months less to do the project in with a June 30 deadline. We ask that you extend our deadline to September 30, 2009 and allow us to file a BEAR form for the project completion that will have been done at that time. Please let us know as soon as possible as to your decision. Below is a copy of the 21 attachment which showed the intent of one time cost.

Attachment 21 # Centralia471WIntern0809  
 BEN 116109  
 Contact Name J.H. Baird  
 Contact  
 Telephone# 360-330-7600  
 471 # 616414  
 FRN # 1697496  
 Name of Applicant Washington Elementary School  
 USC form 470 # 653690000647403  
 SLC Serv Provider# Ednetics Inc - 143008534  
 Contract/Tel # 425-691-3701  
 WA-State Contract wa401-011208-4  
 Site Specific Internal Conn Dedicated Maintenance  
 Services

X

BLOCK B- Service Ordered

1	2	3	4	5	6	7	8
Service	Service Description and Purpose	Quantity	OneTime Unit	OneTime Sub-Total	Onetime Tax	%Eligible Service	Total Cost
LAN Cable	Cabling, data distribution	1	\$93,600.00		\$7,394.40	100	\$100,994.40
Local Area LAN	Data distribution equipment	1	\$40,579.65		\$3,205.79	100	\$43,785.44
Mail Server	Additional E-mail server	1	\$4,342.80		\$343.08	100	\$4,685.88
DNS Server	DNS services	1	\$2,832.80		\$223.79	100	\$3,056.59
Web Content Server	Web Content	1	\$2,832.80		\$223.79	100	\$3,056.59
Router	Routing	1	\$3,743.52		\$295.74	100	\$4,039.26
Wireless LAN	Wireless LAN	1	\$23,233.68		\$1,835.46	100	\$25,069.14
Bid Total			\$171,165.25		\$13,522.05	100	\$184,687.30



I was recently hired in April of this year shortly before my predecessor retired. This clerical error did not come to light until after the contractor, Ednetics, filed an electronic FCC Form 474 on 7/24/2009 under Form 471s number 616328 and 616414 and received a denial on 7/27/09. Ednetics immediately contacted the district's consultant who then contacted the district. Since that date, Ednetics has received another claim denial under these 471 numbers on 8/6/09 for a claim filed on 8/3/09.

I appreciate your consideration to this appeal to correct Form 471 to move the dollars to the one-time field rather than the monthly fields. I look forward to hearing your decision.

Sincerely,

Mitch Thompson  
Director of Fiscal Services  
Centralia School District  
360-330-7600

Universal Service Administration Company  
Letter of Appeal  
SLD Correspondence Unit  
100 South Jefferson Road,  
PO Box 902  
Whippany, NJ 07981

Letter of Appeal.

This letter is to APPEAL invoice payment denial for Billed Entity 116107 Form 474 INVOICE ID 110496 for Jefferson-Lincoln Elementary school at CENTRALIA SCHOOL DISTRICT for funding year 2008 due to a clerical error on form 471 # 616328 for Internal Connections.

Contact Person – Mitch Thompson, Centralia School District, Centralia Washington 360-330-7600 - BEN 116107, Service Providers SPIN 143008534 Ednetics Inc.

Form 471 Applicant Number 616328

FRN# 1697310

Funding Commitment Decision Letter for Funding Year 2008

Text of decision being appealed – Case Number 21-929223. Deadlines for Internal Connection – Service Delivery Date. Appealing Internal Connection cut off date as June 30, 2009 instead of normal September 30, 2009. According to SLD “form 471 for Jefferson-Lincoln 616328 stated the internal connections as “monthly” instead of “one-time”. Therefore all work and invoicing had to be completed by 6/30/09 and not 9/30/09 as is standard for internal connections” and as such work and billings after 6/30/2009 are denied.

Centralia School District received a funding decision on January 5, 2009 and started to complete the contract with Ednetics Inc. which was finalized on March 3, 2009. The district did not notice nor did the service provider that the consultant had miss marked “Monthly” instead of “One- Time” on form 471 #616328, although the attachment #21 that was included with the form 471 listed the breakdown as “One-Time” and PIA to the districts knowledge only had a question on one minor component item. When the consultant filed the 486# 520557 the district and service provider received copies of USAC acceptance showing start date. The original commitment letter at the bottom showed for FCDL date 01/05/2009, Wave Number 033, Last Allowable Date for Delivery and Installation for Non-Recurring Services (One-Time) 09/30/2009 which is the date the district and service provider based their plans upon as is usual for internal connections. The district and service provider missed noting the above was a monthly amount as we always have to break down amounts into monthly for all other applications. The district and vendor knew they had a very short amount of time from March 3009 to September 2009 to order components, schedule access to the school after the school year ended in June as with the danger that students could be put at risk with wiring, construction and dust, and complete the project ready for use in the fall. The buildings were also still recovering from flooding that occurred during the winter in the district buildings when the funding commitment was received making earlier starting of the project impossible and also contributed to not noticing the monthly payment schedule. Another major problem that delayed even billing until July was that a majority of the materials were back ordered and did not arrive until July 1, 2009 so even if we had known of the June 30 deadline we would not have been able to complete any more work than we have been able to accomplish.

Had the district noted that the billing was monthly and that there were less than 120 days to complete the project and have everything invoiced within that time the district would not have started this project and obviously would have had to appeal the monthly time deadline which would have possibly taken longer than the September 30, 2009 deadline and then also would have had to appeal for an extension to the project into the next funding year as it is impossible to do during school class time. The project is over half way completed at this time and difficult to stop in mid stream due to a clerical error.

The district understands that the funds were committed by SLD for this project and the district will complete the project using local funds that will have to be taken from needed student areas to comply with the contract with the vendor. During these difficult economic times that are facing schools we ask that SLD understand that clerical mistakes do happen and the district and service provider operated in good faith in proceeding with this project even though both knew that a March to Sept deadline for an extensive project is very difficult to accomplish let alone having three months less to do the project in with a June 30 deadline. We ask that you extend our deadline to September 30, 2009 and allow us to file a BEAR form for the project completion that will have been done at that time. Please let us know as soon as possible as to your decision. Below is a copy of the 21 attachment which showed the intent of one time cost.

Attachment 21

# Centralia471LIntern0809  
 BEN 145302  
 Contact Name J.H. Baird  
 Contact Telephone# 360-330-7600  
 471 # 616328  
 FRN # 1697310  
 Name of Applicant Jeff Lincoln Elementary School  
 USC form 470 # 612590000647401  
 SLC Serv Provider# Ednetics Inc - 143008534  
 Contract/Tel # 425-691-3701  
 WA-State Contract WA401-011208-3

Site Specific	Internal Conn	Dedicated Services	Maintenance
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X

BLOCK B- Service Ordered

1	2	3	4	5	6	7	8
Service	Service Description and Purpose	Quantity	OneTime Unit	OneTime Sub-Total	Onetime Tax	%Eligible Service	Total Cost
	<b>Cabling and data distribution equipment</b>						
LAN Cable		1	\$109,200.00	\$109,200.00	\$8,626.80	100	\$117,826.80
	<b>Data distribution equipment</b>						
Local Area LAN		1	\$49,973.67	\$49,973.67	\$3,947.91	100	\$53,921.58
	<b>Additional E-mail server</b>						
Mail Server		1	\$4,432.80	\$4,432.80	\$350.19	100	\$4,782.99

DNS Server	DNS services	1	\$2,832.80	\$2,832.80	\$223.79	100	\$3,056.59
Web Content							
Server	Web Content	1	\$2,832.80	\$2,832.80	\$223.79	100	\$3,056.59
Router	Routing	1	\$3,743.52	\$3,743.52	\$295.74	100	\$4,039.26
Wireless LAN	Wireless LAN	1	\$23,233.68	\$23,233.68	\$1,835.46	100	\$25,069.14
Bid Total			\$196,249.27	\$196,249.27	\$15,503.68	100	\$211,752.95

I was recently hired in April of this year shortly before my predecessor retired. This clerical error did not come to light until after the contractor, Ednetics, filed an electronic FCC Form 474 on 7/24/2009 under Form 471s number 616328 and 616414 and received a denial on 7/27/09. Ednetics immediately contacted the district's consultant who then contacted the district. Since that date, Ednetics has received another claim denial under these 471 numbers on 8/6/09 for a claim filed on 8/3/09.

I appreciate your consideration to this appeal to correct Form 471 to move the dollars to the one-time field rather than the monthly fields. I look forward to hearing your decision.

Sincerely,

Mitch Thompson  
Business Manager  
Centralia School District  
360-330-7600

# Exhibit C

**Attachment 21 # Centralia471LIntern0809**

BEN 145302

Contact Name J.H. Baird

Contact Telephone# 360-330-7600

471 # 616328

FRN # 1697310

Name of Applicant Washington Elemenary School

USC form 470 # 612590000647401

SLCServProvider# Ednetics Inc - 143008534

Contract/Tel # 425-691-3701

WA-State Contract WA401-011208-3

Site Specific Internal Conn

Dedicated Maintenance  
Services

X

**BLOCK B- Service Ordered**

1	2	3	4	5	6	7	8
Service	Service Description and Purpose	Quantity	OneTime Unit	OneTime Sub-Total	Onetime Tax	%Eligible Service	Total Cost
LAN Cable	Cabling and data distribution e	1	\$109,200.00	\$109,200.00	\$8,626.80	100	\$117,826.80
Local Area LAN	Data distribution equipment	1	\$49,973.67	\$49,973.67	\$3,947.91	100	\$53,921.58
Mail Server	Additional E-mail server	1	\$4,432.80	\$4,432.80	\$350.19	100	\$4,782.99
DNS Server	DNS services	1	\$2,832.80	\$2,832.80	\$223.79	100	\$3,056.59
Web Content Server	Web Content	1	\$2,832.80	\$2,832.80	\$223.79	100	\$3,056.59
Router	Routing	1	\$3,743.52	\$3,743.52	\$295.74	100	\$4,039.26
Wireless LAN	Wireless LAN	1	\$23,233.68	\$23,233.68	\$1,835.46	100	\$25,069.14
Bid Total			\$196,249.27	\$196,249.27	\$15,503.68	100	\$211,752.95

Low bidder Ednetics

*J. H. Baird*

Attachment 21 # Centralia471WAlntern0809  
 BEN 116109  
 Contact Name J.H. Baird  
 Contact Telephone# 360-330-7600  
 471 # 616414  
 FRN # 1697496  
 Name of Applicant Washington Elemenary School  
 USC form 470 # 653690000647403  
 SLC ServProvider# Ednetics Inc - 143008534  
 Contract/Tel # 425-691-3701  
 WA-State Contract wa401-011208-4  
 Site Specific Internal Conn

Dedicated Maintenance  
 Services

X

BLOCK B- Service Ordered

	1	2	3	4	5	6	7	8
Service	Service Description and Purpose	Quantity	OneTime Unit	OneTime Sub-Total	Onetime Tax	%Eligible Service	Total Cost	
LAN Cable	Cabling,data distribution	1	\$93,600.00		\$7,394.40	100	\$100,994.40	
Local Area LAN	Data distribution equipment	1	\$40,579.65		\$3,205.79	100	\$43,785.44	
Mail Server	Additional E-mail server	1	\$4,342.80		\$343.08	100	\$4,685.88	
DNS Server	DNS services	1	\$2,832.80		\$223.79	100	\$3,056.59	
Web Content Server	Web Content	1	\$2,832.80		\$223.79	100	\$3,056.59	
Router	Routing	1	\$3,743.52		\$295.74	100	\$4,039.26	
Wireless LAN	Wireless LAN	1	\$23,233.68		\$1,835.46	100	\$25,069.14	
Bid Total			\$171,165.25		\$13,522.05	100	\$184,687.30	

# Exhibit D





**FUNDING COMMITMENT DECISION LETTER**  
(Funding Year 2008: 07/01/2008 - 06/30/2009)

January 5, 2009

J. H. Baird  
WASHINGTON ELEMENTARY SCHOOL  
800 FIELD AVE  
CENTRALIA, WA 98531-3824

Re: Form 471 Application Number: 616414  
Billed Entity Number (BEN): 116109  
Billed Entity FCC RN: 0000000000  
Applicant's Form Identifier: CEN2WA471Internal0809

Thank you for your Funding Year 2008 application for Universal Service Support and for any assistance you provided throughout our review. The current status of the funding request(s) in the Form 471 application cited above and featured in the Funding Commitment Report(s) (Report) at the end of this letter is as follows.

- The amount, \$174,324.75 is "Approved."

Please refer to the Report following this letter for specific funding request decisions and explanations. The Universal Service Administrative Company (USAC) is also sending this information to your service provider(s) so preparations can begin for implementing your approved discount(s) after you file FCC Form 486, Receipt of Service Confirmation Form. A guide that provides a definition for each line of the Report is available in the Reference Area of our website.

**NEXT STEPS**

- Work with your service provider to determine if you will receive discounted bills or if you will request reimbursement from USAC after paying your bills in full
- Review technology planning approval requirements
- Review CIPA requirements
- File Form 486
- Invoice USAC using the Form 474 (service provider) or Form 472 (Billed Entity applicant) - as products and services are being delivered and billed

**TO APPEAL THIS DECISION:**

You have the option of filing an appeal with the SLD or directly with the Federal Communications Commission (FCC).

If you wish to appeal a decision in this letter to USAC, your appeal must be received by USAC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and (if available) email address for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Include the following to identify the letter and the decision you are appealing:
  - Appellant name,
  - Applicant name and service provider name, if different from appellant,
  - Applicant BEN and Service Provider Identification Number (SPIN),
  - Form 471 Application Number 616414 as assigned by USAC,
  - "Funding Commitment Decision Letter for Funding Year 2008," AND
  - The exact text or the decision that you are appealing.

3. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal, including any correspondence and documentation.
4. If you are the applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are the service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org). USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to USAC by fax, fax your appeal to (973) 599-6542.

To submit your appeal to USAC on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Division - Correspondence Unit  
100 S. Jefferson Road  
P.O. Box 902  
Whippany, NJ 07981

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted in the Reference Area of our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

#### NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Program. Applicants who have received funding commitments continue to be subject to audits and other reviews that USAC and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with all such requirements. USAC may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by USAC, the applicant, or the service provider. USAC, and other appropriate authorities (including but not limited to the FCC), may pursue enforcement actions and other means of recourse to collect improperly disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Schools and Libraries Division  
Universal Service Administrative Company

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FUNDING COMMITMENT REPORT  
Billed Entity Name: WASHINGTON ELEMENTARY SCHOOL  
BEN: 116109  
Funding Year: 2008

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 616414  
Funding Request Number: 1697496  
Funding Status: Funded  
Category of Service: Internal Connections  
Form 470 Application Number: 653690000647403  
SPIN: 143008534  
Service Provider Name: Ednetics, Inc.  
Contract Number: WA4010112084  
Billing Account Number: 3603307600  
Multiple Billing Account Numbers: N  
Service Start Date: 07/01/2008  
Service End Date: N/A  
Contract Award Date: 01/28/2008  
Contract Expiration Date: 09/30/2011  
Site Identifier: 116109  
Number of Months Recurring Service Provided in Funding Year: 12  
Annual Pre-discount Amount for Eligible Recurring Charges: \$184,687.32  
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00  
Pre-discount Amount: \$184,687.32  
Discount Percentage Approved by the USAC: 90%  
Funding Commitment Decision: \$166,218.59 - FRN approved as submitted

FCDL Date: 01/05/2009  
Wave Number: 033  
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2009

FUNDING COMMITMENT REPORT  
Billed Entity Name: WASHINGTON ELEMENTARY SCHOOL  
BEN: 116109  
Funding Year: 2008

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 616414  
Funding Request Number: 1697570  
Funding Status: Funded  
Category of Service: Basic Maintenance of Internal Connection  
Form 470 Application Number: 653690000647403  
SPIN: 143008534  
Service Provider Name: Ednetics, Inc.  
Contract Number: WA4010112084  
Billing Account Number: 3603307600  
Multiple Billing Account Numbers: N  
Service Start Date: 07/01/2008  
Service End Date: N/A  
Contract Award Date: 01/28/2008  
Contract Expiration Date: 09/30/2011  
Site Identifier: 116109  
Number of Months Recurring Service Provided in Funding Year: 12  
Annual Pre-discount Amount for Eligible Recurring Charges: \$9,006.84  
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00  
Pre-discount Amount: \$9,006.84  
Discount Percentage Approved by the USAC: 90%  
Funding Commitment Decision: \$8,106.16 - FRN approved as submitted

FCDL Date: 01/05/2009

Wave Number: 033

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2009



**FUNDING COMMITMENT DECISION LETTER**  
(Funding Year 2008: 07/01/2008 - 06/30/2009)

January 5, 2009

J.H. Baird  
JEFFERSON-LINCOLN ELEM SCHOOL  
400 W SUMMA ST  
CENTRALIA, WA 98531-2324

Re: Form 471 Application Number: 616328  
Billed Entity Number (BEN): 116107  
Billed Entity FCC RN: 0000000000  
Applicant's Form Identifier: CEN2JL471Internal0809

Thank you for your Funding Year 2008 application for Universal Service Support and for any assistance you provided throughout our review. The current status of the funding request(s) in the Form 471 application cited above and featured in the Funding Commitment Report(s) (Report) at the end of this letter is as follows.

- The amount, \$199,198.87 is "Approved."

Please refer to the Report following this letter for specific funding request decisions and explanations. The Universal Service Administrative Company (USAC) is also sending this information to your service provider(s) so preparations can begin for implementing your approved discount(s) after you file FCC Form 486, Receipt of Service Confirmation Form. A guide that provides a definition for each line of the Report is available in the Reference Area of our website.

**NEXT STEPS**

- Work with your service provider to determine if you will receive discounted bills or if you will request reimbursement from USAC after paying your bills in full
- Review technology planning approval requirements
- Review CIPA requirements
- File Form 486
- Invoice USAC using the Form 474 (service provider) or Form 472 (Billed Entity applicant) - as products and services are being delivered and billed

**TO APPEAL THIS DECISION:**

You have the option of filing an appeal with the SLD or directly with the Federal Communications Commission (FCC).

If you wish to appeal a decision in this letter to USAC, your appeal must be received by USAC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and (if available) email address for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Include the following to identify the letter and the decision you are appealing:
  - Appellant name,
  - Applicant name and service provider name, if different from appellant,
  - Applicant BEN and Service Provider Identification Number (SPIN),
  - Form 471 Application Number 616328 as assigned by USAC,
  - "Funding Commitment Decision Letter for Funding Year 2008," AND
  - The exact text or the decision that you are appealing.

3. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal, including any correspondence and documentation.
4. If you are the applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are the service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org). USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to USAC by fax, fax your appeal to (973) 599-6542.

To submit your appeal to USAC on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Division - Correspondence Unit  
100 S. Jefferson Road  
P.O. Box 902  
Whippany, NJ 07981

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted in the Reference Area of our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

#### NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the Schools and Libraries Program. Applicants who have received funding commitments continue to be subject to audits and other reviews that USAC and/or the FCC may undertake periodically to assure that funds that have been committed are being used in accordance with all such requirements. USAC may be required to reduce or cancel funding commitments that were not issued in accordance with such requirements, whether due to action or inaction, including but not limited to that by USAC, the applicant, or the service provider. USAC, and other appropriate authorities (including but not limited to the FCC), may pursue enforcement actions and other means of recourse to collect improperly disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Schools and Libraries Division  
Universal Service Administrative Company

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FUNDING COMMITMENT REPORT  
Billed Entity Name: JEFFERSON-LINCOLN ELEM SCHOOL  
BEN: 116107  
Funding Year: 2008

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 616328  
Funding Request Number: 1697310  
Funding Status: Funded  
Category of Service: Internal Connections  
Form 470 Application Number: 612590000647401  
SPIN: 143008534  
Service Provider Name: Ednetics, Inc.  
Contract Number: WA4010112083  
Billing Account Number: 3603307600  
Multiple Billing Account Numbers: N  
Service Start Date: 07/01/2008  
Service End Date: N/A  
Contract Award Date: 01/28/2008  
Contract Expiration Date: 09/30/2011  
Site Identifier: 116107  
Number of Months Recurring Service Provided in Funding Year: 12  
Annual Pre-discount Amount for Eligible Recurring Charges: \$211,752.96  
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00  
Pre-discount Amount: \$211,752.96  
Discount Percentage Approved by the USAC: 90%  
Funding Commitment Decision: \$190,577.66 - FRN approved as submitted

FCDL Date: 01/05/2009

Wave Number: 033

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2009

FUNDING COMMITMENT REPORT  
Billed Entity Name: JEFFERSON-LINCOLN ELEM SCHOOL  
BEN: 116107  
Funding Year: 2008

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 616328  
Funding Request Number: 1697341  
Funding Status: Funded  
Category of Service: Basic Maintenance of Internal Connection  
Form 470 Application Number: 612590000647401  
SPIN: 143008534  
Service Provider Name: Ednetics, Inc.  
Contract Number: WA4010112083  
Billing Account Number: 3603307600  
Multiple Billing Account Numbers: N  
Service Start Date: 07/01/2008  
Service End Date: N/A  
Contract Award Date: 01/28/2008  
Contract Expiration Date: 09/30/2011  
Site Identifier: 116107  
Number of Months Recurring Service Provided in Funding Year: 12  
Annual Pre-discount Amount for Eligible Recurring Charges: \$9,579.12  
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$.00  
Pre-discount Amount: \$9,579.12  
Discount Percentage Approved by the USAC: 90%  
Funding Commitment Decision: \$8,621.21 - FRN approved as submitted

FCDL Date: 01/05/2009

Wave Number: 033

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2009



# Exhibit E

# Precommitment Corrections

Helping You Succeed

Schools and Libraries Division

Washington, DC • Newark • Atlanta • Chicago • Orlando • Los Angeles • Portland • Houston

September/October 2009

# Overview

- Clerical Corrections
- Can Do's
- Deadlines, Deadlines
- Errors Detected During PIA
- Supporting Documentation
- Questions

# Clerical Corrections

- Bishop Perry Order allows applicants to make corrections to Forms 470 & 471 - known as **ministerial & clerical corrections**.
- Applicants have additional time to certify Forms 470 & 471, make corrections that do not require the Form 470 to be **reposted** or the Form 471 to be **re-filed**, and do not violate FCC regulations and/or program rules.
- USAC, with FCC guidance, developed a list of correctable items. **List of Correctable M & C Errors**
- Subsequent FCC Orders issued identified more corrections allowable during PIA review.

# Clerical Corrections

## Examples:

- ❖ Entered the incorrect amount (i.e., data entered \$100 instead of \$1,000)
- ❖ Omitted an entity from the Block 4
- ❖ Provided the incorrect Form 470 number on the Form 471
- ❖ Selected the wrong category of service
- ❖ Submitted an unsigned contract to PIA
- ❖ Omitted an FRN
- ❖ Did not include all of the required elements in the written tech plan

# Can Do's

Form 470	Allowable Corrections
Block 1 - Billed Entity Information	<ul style="list-style-type: none"> <li>✓ BEN Name, Number and Address</li> <li>✓ Contact Person Information</li> </ul>
Block 4 – Recipient of Service	<ul style="list-style-type: none"> <li>✓ Add or Remove Eligible Entities that will Receive Service</li> <li>✓ Add or Remove Billed Entities</li> </ul>
Block 5 – Certification and Signature	<ul style="list-style-type: none"> <li>✓ Certification Signature and Date</li> <li>✓ Certification</li> </ul>

# Can Do's

Form 471	Allowable Corrections
Block 1 - Billed Entity Information	<ul style="list-style-type: none"> <li>✓ BEN Name, Number and Address</li> <li>✓ Contact Person Information</li> </ul>
Block 4 – Discount Calculation Worksheets	<ul style="list-style-type: none"> <li>✓ Add or Remove Entities</li> <li>✓ Discount Calculations</li> </ul>
Block 5 – Discount Funding Request(s)	<ul style="list-style-type: none"> <li>✓ Establishing Form 470 Number</li> <li>✓ Category of Service</li> <li>✓ SPIN Name and/or Number</li> <li>✓ Contract Number</li> <li>✓ Billing Account Number</li> <li>✓ Service Delivery (MTM/Tariffed or Contract)</li> <li>✓ Service Start and End Dates</li> </ul>

# Can Do's

Form 471	Allowable Corrections
Block 5 – Discount Funding Request(s)	<ul style="list-style-type: none"><li>✓ Contract Award and Expiration Dates</li><li>✓ Recurring and Non-recurring Charges</li><li>✓ Increase or Decrease Funding Amount Requested</li><li>✓ Block 4 Worksheet</li><li>✓ Add or Remove FRNs</li></ul>
Block 6 – Certification and Signature	<ul style="list-style-type: none"><li>✓ Amount Budgeted for Ineligible Services</li><li>✓ Certification Signature and Date</li></ul>



# Deadlines, Deadlines

## 15 Day Rule

- PIA corrections MUST be submitted 20 calendar days (5 days for mail receipt + 15 days) from the date of USAC's letter
  - Receipt Notification Letter (RNL) – 470
  - Receipt Acknowledgment Letter (RAL) – 471
- Mail, email or fax corrections to USAC
- RAL doesn't contain Block 4 information, so include the corrected Block 4 worksheet with your RAL corrections

# RNL/RAL Corrections

- Corrections submitted after the deadline in the letter:
  - Requests to increase funding will not be granted.
  - PIA will work with applicants to make clerical error corrections until the FCDL is issued
    - PIA will request documentation to support the correction, such as contract, invoice, bill, etc.

# PIA Identified Changes

- Errors may be detected during PIA review
- PIA may contact you and allow corrections if they find certain discrepancies:
  - Item 21 doesn't match Block 5
  - Discount for single entity doesn't match discount reported on different application
  - Item 21 includes entities missing from your Block 4
  - Tech Plan is missing one or more required element(s)

# Requests that Need Support

- Changes to Block 4
  - Adding entities, removing entities, changing discounts, etc.
  
- Contract Dates
  - Contract Award Date, Signature Date, Contract Expiration Date, etc.

# Requests that Need Support

- Competitive Bidding
  - RFP Posting Dates, Bid Evaluation documents, Contract Signatures/Dates, etc.
  
- Changes to Block 5
  - Request to increase dollars, request to change number of months of service, changes from recurring to non-recurring, changes from contract to Tariff or MTM, etc.

# Questions?